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Understanding Family Use of Resources */ Economic Economics*

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Achieving the goal of good nutrition for the family depends on wise use of the family's resources: Money for purchasing food; transportation to and from the food store; equipment for storage and preparation of foods; and the time, energy, and skill of the homemaker for planning, shopping, storage, preparation, and services. Not only are these time and money resources limited, but other family goals compete for these same scarce resources. The family must be housed, clothed, and fed; the children must be educated; and provision must be made for transportation, health care, and other goods and services that contribute to the family's level of living. The economic problems of providing a nutritionally adequate diet for family members cannot be separated from the rest of the family's economic problems. Helping families with their nutrition problems requires an understanding of a family's total economic situation and an understanding of the pressures on the family budget from other items of consumption.

The study of family resources, the economic problems of families, and the relationship of family budget items to each other is the function of a small group of family economists within the Consumer and Food Economics Institute (CFEI). This group—known as the Family Economics Group (FEG)—works closely with other units of the Institute.

The staff initiates and carries out a program of research to obtain information on the resources available to families, alternative uses of these resources, the decisions families make regarding these resources, and the levels of living families attain. These materials as well as research materials of other Government agencies are evaluated and interpreted primarily for teachers, extension leaders, social workers, and other professionals concerned with the economic aspects of family living.

The major work of the Family Economics Group is divided into four broad areas—all interrelated. Progress in one

area often has applications in other areas. These four groups are:

1. Resource availability, allocation, and use
2. Budgets and guidelines for consumption goals
3. Methodological analyses
4. Dissemination of information

The following sections include a discussion of the major work of the Family Economics Group. Also included is a discussion of some relatively short-term projects.

Resource Availability, Allocation, and Use

The major sources of information on family resources and on their disposition are periodic nationwide surveys that measure family expenditures for food, housing, clothing, and other items in the family budget. Expenditures are evaluated in relation to family income, family size, place of residence (by region and urbanization), and other selected characteristics. The Consumer Expenditure Survey (CES) is planned cooperatively by the U.S. Department of Agriculture and the U.S. Department of Labor (Bureau of Labor Statistics). The most recent published data were collected in 1960-61. Information from a 1972-73 survey is expected to be available in 1976. Smaller scale special-purpose surveys are carried out as needed to obtain information on the economic problems involving the use of resources by specific segments of the population and to develop new procedures for collecting and measuring data.

The basic expenditure data are tabulated and analyzed to answer specific questions. One project focuses on comparisons of living costs by families in different urbanizations. Living costs are generally assumed to be lower for farm than for urban families because farm families often produce some of their own food. Knowing how much lower is of special importance in identifying rural areas and population segments in need of special assistance.

The *cost of raising a child* is an example of another project. The estimates are based on family practices in 1960-61, but the costs have been updated to 1970 by using the Consumer Price Index. Annual costs up to age 18 are given for three levels of living—economy, low-cost, moderate-cost—that correspond to the levels of the USDA's Family Food Plans. At each level the costs differ by family size, region of residence, and farm, nonfarm, or urban status. These estimates will be updated to reflect the practices of families in the early 1970's when data from the new Consumer Expenditure Survey become available.

Projects are now in progress studying *family expenditures for housing and health*. Housing outlays represent an important component of family expenditures and influence the quality of living of families. Identification of those segments of the population that are ill housed is a necessary first step in the design of programs to improve housing for families. Data collected from rural families in North Carolina are being used to prepare a profile of current housing facilities of rural families in that State. In a separate project, data collected in the above survey are being used to determine differences between black and white families with regard to relationships between families' means of obtaining their food supply and their satisfaction with that supply, and between characteristics of their dwellings and their satisfaction with those dwellings. Information from both projects is being published in North Carolina for the use of extension workers, program planners, and administrators in that State.

The importance of medical care is increasing in relation to total consumer expenditures. To help individuals and families estimate amounts to be set aside in the budget for medical expenditures, the Family Economics Group is analyzing data concerning use of medical care by individual family members. The analysis will include differences in medical care use between rural and urban families.

Budgets and Guidelines for Consumption Goals

The Department receives many requests for guidelines on spending for specific items of the family budget. One example familiar to nutrition educators is the USDA food plans developed by the Food and Diet Appraisal Group of CFEI. These plans are guides for estimating weekly quantities of foods at four cost levels for individuals of specified age and sex. The plans are based on eating patterns of families as shown by the Household Food Consumption Surveys and take into account the Recommended Daily Allowances for food energy, protein, minerals, and vitamins.

The Family Economics Group takes the responsibility for developing budgets for total family spending and for specific items of the family budget other than food. Because scientific recommendations are not well developed, these budgets are based almost exclusively on the actual practices

of families rather than on any scientifically determined standards of what is adequate. An example is the *USDA clothing budgets*. Since clothing needs are for the most part socially determined, a budget must provide for garments suitable for the usual social life of the individual. Group behavior, which determines what is socially acceptable, is most readily ascertained from studies of behavior of a large number of persons selected to represent a given level of living. Surveys of consumer expenditures showing quantities and prices of garments and total expenditures were used as source data for the USDA clothing budgets recently developed. The clothing budgets are given at three cost levels—economy, low-cost, moderate-cost. These levels correspond to the levels of the USDA food plans. For example, the low-cost clothing budgets represent average clothing expenditures of individuals in families whose food expenditures are at the level of the low-cost food plan. The annual costs of the clothing budgets, updated by the Consumer Price Index to current price levels, can be used, along with costs of other budgets, to estimate the income needed to support given levels of living.

The budgets are useful tools in teaching management of resources in school and adult education programs, in counseling families on budgetary and management problems, and in action programs focused on improvement in the living of families.

A related study is concerned with *budgets for household textiles*. Although household textiles (sheets, bedding, towels, table linens) are important in the environment of family living, there has been almost no systematic study of textile consumption. Expenditures for household textile items have been published in studies of family incomes and expenditures, but there is no recent information on inventories in households or on acquisitions other than by purchase. Current research being conducted on household textiles at Iowa State University on a grant from the Family Economics Group will provide detailed family budgets for household textiles. A model is being developed to describe the process of textile consumption by households, quantifying the factors affecting the levels of consumption. This model will make it possible to determine the probable needs of families under specified conditions.

Long-term budgeting requires a knowledge of how many years household items such as large equipment, small appliances, furniture, and textiles can be expected to last. To aid families and those working with families in planning budgets, the Family Economics Group has developed estimates of the *service-life expectancy of household equipment under one owner*. These estimates, developed through the construction of actuarial tables from data obtained in household surveys, reflect replacement practices current at the time of data collection. Replacement rates change as changes occur in family size and ways of life, income, availability and cost of service, durability of items in use, and attractiveness of new equipment.

A recently completed project at Cornell University (with partial support from FEG) has provided data on *the dollar value of household work*. These values provide information on the proportion of household work performed by various members of the family and on how the number of children and the employment status of the wife affects the value of household work. The values may help families decide how to allocate time more satisfactorily among paid work, non-paid work, and leisure. The dollar value is also useful in determining how the loss of services of a family member affect the economic well-being of the family. The estimates are based on data on time used in household work and on wage rates paid in the marketplace to workers who perform services similar to household tasks—cook, dishwasher, handyman, for example. The values are a minimum estimate. Additional work by the researchers at Cornell provides a national estimate of the value of household work performed by specific population groups.

Methodological Analysis

Special studies are carried out to improve the methods used to collect and analyze data. For example, family economists have long felt the need for a better measure of the economic status of families than is provided by information on current income now generally obtained for this purpose. Current income may fluctuate greatly from year to year—especially that of farm families—and in any one year may understate or overstate the true economic status of an individual family. A better measure of the economics status of families would be a measure of the resources with which they could acquire goods and services—this is best measured by actual amounts of goods and services consumed and the total monetary value. Consumption surveys, however, are costly and time consuming, and data on the consumption practices of families are available only at long intervals and for relatively small samples of families. Work is now underway to develop and test an index that will estimate the average *money value of consumption* by families in a given rural population based on its response to a few short questions that could be asked in a telephone interview. An index of this type would make possible more frequent analysis of the average economic status of families for use in educational, health, and poverty programs, and in planning for economic development. An accurate and up-to-date measure is especially important when economic status is being used to identify areas in need of anti-poverty programs.

In another methodological study researchers investigated *how information given by homemakers for the entire family* differs from information given by individual family members for themselves during household surveys. The study was specifically concerned with expenditures for food away from home of teenage sons and daughters. Interviewers are generally instructed to seek a report on the activities of all members of a household from one designated

respondent or from any one knowledgeable member of the household rather than to interview each member who might have participated in the activity. This practice, by reducing the number of callbacks necessary to interview a household, makes possible the collection of data from a larger sample of households for a given amount of money. It also increases the total usable questionnaires by reducing the number lacking data for one or more household members. Obviously, however, no one person in a household is likely to have full and accurate knowledge of the activities of all its members. The use of a single respondent, or the drawing in of additional respondents only when the designated respondent recognizes his or her limitations, must result in the omission of some pertinent data and error in the reporting of other data.

Dissemination of Information

Research in family economics is useful to consumers, professionals working with families, and research workers. A significant part of the effort of the Family Economics Group goes toward packaging research data into a form that will be the most useful to each of these groups. Research findings are presented in publications for the general public, publications and conferences for special audiences, and technical reports and journal articles for professional workers. *Family Economics Review (FER)*, a quarterly publication, is the primary way used by the Family Economics Group of getting research results to professionals working with families. *FER* is prepared primarily for home economics agents and home economics specialists of the Cooperative Extension Service but is also available to high school and college teachers and to other professional workers in home economics, social work, consumer education, and related fields. *FER* provides a way of getting research information out quickly and on a regularly scheduled basis. For example, each issue contains updated costs for the USDA's "Cost of Food at Home," the BLS's "Consumer Price Index," and information on new USDA publications. *FER* is a valuable resource for professional workers because it combines into one source research data on the economic aspects of family living from the Consumer and Food Economics Institute and from other Government agencies.

The Family Economics Group in cooperation with the Extension Service plans and conducts the *Family Living Sessions of the Annual Agricultural Outlook Conference*. The Conference is planned as a way for Extension specialists from the States to come to Washington, D.C., to confer with colleagues from other States and with staff of the USDA. The sessions are planned around topics of current interest. The "Outlook for 1974" presented in December 1973 included information on the outlook for housing, energy, clothing and textiles, and food. Additional

information was presented on nutrition education, food additives and fortification, proper handling and storage of food, and sanitation in home laundering. Participants to the conference use the information in program planning for homemaker and consumer groups.

The Department receives many requests for help with *money management*. For teachers, leaders, and other professionals who work with families on money management, FEG has prepared a publication called "Helping Families Manage Their Finances." This publication, which is updated periodically to reflect changes in family expenditure patterns and the prices of goods and services, describes in detail the steps families may follow in using their incomes and other resources wisely.

In response to families and other consumers who request information on money management, the Family Economics Group has prepared a series of simple step-by-step guides that families can follow in setting up and using a spending and saving plan based on their own goals, needs, and income. These guides—for young couples, for families with young children, and for retired couples—also provide helpful suggestions for carrying out spending plans. The publications provide a brief basic plan for budgeting—setting goals, estimating income, estimating expenses, setting up the spending plan, keeping records, evaluating the plan, and revising and replanning. They also include information on the use of consumer credit as a family resource and on the changes necessary in budgeting at different stages of the family life cycle.

A related publication, "Selecting and Financing a Home," guides families in selecting a home based on their needs, goals, and income. The publication includes such topics as the advantages and disadvantages of renting compared with owning, the ability of a family to pay for a home, and the selection of a neighborhood and house. Also included is information on the sources, types, and costs of home mortgage loans.

The aids on money management mentioned above are of the more traditional type. In many States, extension workers now have access to terminals linked to computers and are using them to provide information services to clients. FEG is experimenting with the development of computer-assisted materials for transmitting research information to families and professional workers. These computer materials will supplement the more general

publications. The first of these experimental materials, "Budgeting for Retirement," is a computer program developed to help an individual or family make an expenditure plan. The program can also be used with a group in a teaching situation to analyze case studies and demonstrate problem-solving principles. The user of the program enters data into the computer about his anticipated family situation and income at retirement. The user then enters a possible spending plan for retirement. The program helps him to evaluate this spending plan under various future situations such as inflation or death of spouse, and helps him make adjustments in the plan to compensate for these circumstances.

Publications for consumers

Single copy of the following is available without charge from the Consumer and Food Economics Institute, ARS, USDA, Federal Building, Hyattsville, Md. 20782:

- G-182 Selecting and financing a home. Slightly revised 1972.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402:

- G-98 A guide to budgeting for the young couple. Slightly revised 1971. 10 cents.
- G-194 A guide to budgeting for the retired couple. Slightly revised 1972. 10 cents.

Publications for professional workers

For sale from the Sales Office, American Home Economics Association, 2010 Massachusetts Ave., NW, Washington, D.C. 20036:

- Britton, V., Clothing budgets for children from the USDA: Annual costs at three levels in four regions. Reprinted from the *Home Economics Research Journal*, March 1973. \$1.00

From the Consumer and Food Economics Institute, ARS, USDA, Federal Building, Hyattsville, Md. 20782:

- ARS 62-5 *Family Economics Review*. The mailing list is limited to persons who are employed as high school or college teachers or as professional workers in nutrition, social work, or related areas. Copies are also available at many libraries and State extension offices.
- Journal articles, papers, and special reports on many of the projects mentioned in this issue of *Nutrition Program News* are available on request.